

Document No. 012
NO CHANGE in Class. Approved For Release 2006/01/31 : CIA-RDP82-00457R000100600011-6
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Class. CHANGED TO: TS S C
DDA Memo. 4 Apr 77
Auth: DDA REG. 77/17
Date: 18/03/78 By: [redacted]

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CENTRAL INTELLIGENCE GROUP
INTELLIGENCE REPORT

25X1

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COUNTRY China

CONFIDENTIAL

DATE:

SUBJECT Economic Information: Tsingtao

DIST. 26 November 1946

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SUPPLEMENT

ORIGIN

This document is hereby regraded to
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| STATE | WAR | NAVY | JUSTICE | R & E | C & D | COM | S | | | | |
|-------|-----|------|---------|-------|-------|-----|---|--|--|--|--|

1. Money

Unit

Exchange Rate (CNC)

20 Sept.

27 Sept.

| | | | |
|-----------------|---------------|-----------------|-----------------|
| Gold | Per ounce | 223,500/224,500 | 232,000/237,000 |
| US Dollar Notes | Per US Dollar | 3,200/3,220 | 3,850/4,000 |

2. Commodity Prices

a. Chemicals

| | | | |
|----------------|--------------|-----------|-------------------|
| Sulphur, black | Per 60 kgs. | 1,000,000 | 1,150,000 |
| Caustic Soda | Per 300 kgs. | 1,000,000 | 800,000/1,000,000 |
| Indigo, 50% | Per 60 kgs. | 3,500,000 | 4,000,000 |
| Indigo, 60% | Per 60 kgs. | 3,000,000 | 3,400,000 |

b. Fuel

| | | | |
|-------------|---------------|-----------------|-----------------|
| Gasoline | Per US gallon | 1,460 | 1,460 |
| Coal, lump | Per 1000 kg. | 300,000/360,000 | 360,000/400,000 |
| Coal, slack | Per 1000 kg. | 200,000/240,000 | 220,000/260,000 |

c. Dry Food

| | | | |
|--------------------------|--------------------|---------------|---------------|
| Flour | Per bag of 48 lbs. | 24,500/26,500 | 24,500/25,000 |
| Rice | Per 0.5 Kg. | 730 | 710 |
| Millet | Per 0.5 Kg. | 110 | 290 |
| Sugar (Shanghai quality) | Per lb. | 1,600/1,800 | 1,800 |

d. Fresh Vegetables

| | | | |
|---------------|---------|---------|-----------|
| Potatoes | Per lb. | 150/180 | 180/200 |
| Tomatoes | Per lb. | 300 | 900/1,000 |
| White Cabbage | Per lb. | 400 | 700 |
| Green Beans | Per lb. | 500 | 500 |

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e. Fresh Fruits

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| | | | |
|-----------------|---------|------------|---------|
| Apples, cooking | Per lb. | 800 | 500/800 |
| Apples, table | Per lb. | 1200/1,600 | 1,300 |
| Pears, local | Per lb. | 450/600 | 500 |
| Grapes | Per lb. | 1200 | 700/800 |
| Bananas | Per lb. | 2,000 | 2,000 |

f. Dairy Products

| | | | |
|--------|-------------|-------------|-------------|
| Milk | Per quart | 500 | 500 |
| Butter | Per lb. | 4,000 | 4,000 |
| Eggs | Per 10 pcs. | 1,500/1,600 | 1,400/1,600 |

g. Fresh Meats

| | | | |
|---------|-------------------|-------------|-------------|
| Chicken | Per pce of 4 lbs. | 8,000/9,000 | 6,000/7,000 |
| Beef | Per lb. | 2,000/2,200 | 2,000/2,200 |
| Pork | Per lb. | 2,400 | 2,200 |
| Fish | Per lb. | 2,000/3,500 | 1,500/3,000 |

h. Oil

| | | | |
|------------|-------------|--------|---------------|
| Peanut Oil | Per 50 kgs. | 90,000 | 76,000/77,000 |
|------------|-------------|--------|---------------|

i. Cloth

| | | | |
|-----------------------------|-------------|---------------|---------|
| Grey Cloth, 1st. | Per 40 yds. | 64,500 | 75,000 |
| 2nd. | Per 40 yds. | 60,000 | 70,000 |
| 3rd | Per 40 yds. | 56,000/58,000 | 60,500 |
| Blue cloth, blue, Shade 190 | Per 40 yds. | 95,000 | 105,000 |

Prices

On 24 September, the rate for US dollar notes suddenly rose to CNC \$4,300 and gold followed at CNC \$240,000 per ounce, on rumors that the official rate of exchange would be adjusted again to over CNC 4,000 per US (some sources even said 5,000 per US dollar), and that the Chinese National Government would enforce regulations as from October 1st by which both Chinese and foreigners would have to turn over all their assets in foreign exchange and foreign holdings to the Chinese Government. This has caused a withdrawal of US notes from the market and a transfer of funds to the United States or to Hongkong, thereby resulting in a shortage of US notes.

On 24 September the high rates for the US dollar brought the crossrate for gold down to about US \$8/59 per ounce. On 25 September it went up to about US \$62.00 per ounce.

This sudden rise in the exchange rates on the market for US notes has affected the general market prices very little. The market was even better supplied than in former weeks and prices for native products and even many imported goods are quoted independently of fluctuations of exchange.

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- CONFIDENTIAL**3. Black Market Prices**

The black market was abundantly supplied and prices were not affected by the rise in exchange. In many cases, even counter offers at reduced prices were successful. Garbbeds, underwear, shirts, trousers, full uniforms, shoes, blankets, etc., torchlights, batteries, etc., were offered openly in large quantities. Cigarettes (Lucky Strike, Chesterfield, Philip Morris, and Camel, etc.) could be purchased for CNY 10,000 per carton or about US \$2.50. A few weeks ago prices were 4.50 and even 5.00. There is also a good variety of tinned goods. Preserved butter which was offered the previous week at US \$5.00 to \$6.00 per six 1 lb. tins or about CNY 17,000 now is sold at CNY 13,000 or approximately US \$3.30 at the prevailing rate for US notes.

| | | |
|--------------------------------------|------------|-------------|
| Yeast, dried in 4 lb. tins | CNY 20,000 | US \$ 6.20 |
| " " " 2 (Fleischman) | 13,000 | 4.00 |
| Spray Dried Whole Milk, per 3 lbs. | 7,000 | 2.20 |
| Evaporated Milk, per 1 1/2 ounce can | 700 | .22 |
| Dried whole eggs, per 3 lb. tin | 7,000 | 2.20 |
| Butter, preserved, per 6 1/2 lb. tin | 19,000 | 6.00 |
| Pork Sausage Meat, per 2 lb. 2 oz. | 4,500 | 1.40 |
| Pork Sausage Links, per tin, 2 lb. | 4,000 | 1.25 |
| Tomato Catsup, per tin | 2,500 | .75 |
| Coffee, in bottles, per lb. | 3,000 | .95 |
| Coffee, in closed bottles, per lb. | 4,000 | 1.25 |
| Coffee, in tins (Del Monte) per lb. | 4,500 | 1.40 |
| DDT, 1 bomb (including container) | 5,000 | 1.55 |
| Flashlight | 6,500 | 2.00 |
| Beer, 1 can | 700 | .22 |
| Black shoes, Navy, 1 pr. | | 18.00/20.00 |

4. Export

Exports continue to be exceedingly small, and with the exception of small shipments of fruits and peanut oil to ports in the south, no other activity is reported. Prices for export goods such as embroidery and hairnets, etc., seem to be too high to be attractive.

5. Import

There is practically no change in the import situation. In former years, Tsingtao received a large portion of foreign imports via Shanghai dealers, hence direct imports from foreign countries were relatively unimportant. The situation existing in Shanghai now makes business with this port a poor risk. Exporters in Shanghai can scarcely quote or offer goods to Tsingtao owing to the high and uncertain handling charges in Shanghai, loss through rough handling, and dock pilferage. Importers in Tsingtao also refuse to hazard this risk, which makes an exchange of goods almost impossible and prevents an equalization of prices. In order to overcome these difficulties, more and more Chinese firms are beginning to ship goods to and from Shanghai in small motor-junks which travel between these ports in three or four days. The loading and/or unloading of these small boats can be more easily supervised by the shipper than if he hands his goods over to a large steamship company.

6. Trade with Manchuria

According to the latest information, the first transaction in soy beans and bean cake has been made with Newchwang (Yingkou) (122-13,400) in exchange for cotton textiles. Prices for these goods are said to be only about 1/3 in comparison with local prices.

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